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OGC/GHK:est
19 November 1953

OGC Has Reviewed

MEMORANDUM FOR: CHIEF, INSPECTION AND REVIEW

SUBJECT : Report of Survey Committee on Commercial Proprietary
Projects and Preliminary Recommendations

1. At your suggestion the undersigned have met with the Chiefs of the seven area divisions or their representatives to discuss line division reaction to the following question posed in your memorandum dated 26 October 1953:

"To what extent would your division be willing to delegate to the Commercial Division the responsibility, and necessary concomitant authority, to conduct the business affairs of presently existing or prospective commercial proprietaries under your jurisdiction?"

2. You will recall that this inquiry was addressed to area division chiefs in order to solicit their opinion as to the most feasible manner of resolving the current difficulties that CM Division experiences in directing the business affairs of commercial proprietaries lacking, as it does, the authority to require adherence to business advice. CM believes that although it functions as a staff, its responsibilities are more closely aligned to the command channel than are, for instance, the responsibilities of the Office of General Counsel or Cover Division. CM is willing to recognize that formula solution of these difficulties is impossible simply because the objective behind the creation of

commercial proprietaries varies in every individual case.

3. The divisions unanimously feel that no matter what the proprietary form they must reserve a power to veto or revise Commercial Division's decisions in the event there are present controlling operational and security factors. There appears to be a consensus that delegation to CM of the responsibility of conducting business affairs of commercial proprietaries is not only highly desirable but in many cases essential. The only possible exception to this thinking is on the part of WH Division whose experience in the field of commercial proprietaries has been limited to a very few in number, all of which, comparatively speaking, have operated on a restricted budget. WH believes that exclusive responsibility for the direction of commercial proprietaries should be retained under its jurisdiction unless or until the total Agency financial commitments to the projects concerned exceed an agreed upon cut-off figure. Each of the divisions emphasized that unrestricted delegation of authority to CM would produce duplicate chains of command creating the inevitable difficulties that ensue from split authority. FE Division made specific mention of the complications that dual channels of communications and approval of travel authority would produce.